1	BEFORE THE PUBLIC UTILITY COMMISSION		
2	OF OREGON		
3	Docket No: UM 1497		
4 5 7 8 9 10 11	IN THE MATTER OF THE APPLICATIO AVISTA UTILITIES FOR AN ORDER REAUTHORIZING DEFERRAL OF CEF COSTS RELATED TO PURCHASED GA DIFFERENCES) FOR REAUTHORIZATION (TAIN) OF CERTAIN DEFERRAL	
12 13	Avista Corporation, dba Avista Ut	ilities ("Avista" or "Company"), pursuant to ORS	
14	757.259 and OAR 860-027-0300(4), app	olies to the Public Utility Commission of Oregon	
15	("Commission") for an order reauthorizing it to utilize deferred accounting for Purchased Gas		
16	Cost differences. Avista respectfully requests that the reauthorization become effective		
17	November 1, 2019.		
18	In support of this Application, the Company states:		
19	Avista provides natural gas service in southwestern and northeastern Oregon and is a public		
20	utility subject to the Commission's jurisdiction under ORS 757.005(1)(a)(A).		
21	Avista requests that all notices, pleadings and correspondence regarding this Application		
22	be sent to the following:		
23 24 25 26 27 28 29 30	Patrick D. Ehrbar Director of Regulatory Affairs Avista Corporation P.O. Box 3727 Avista Corporation 1411 E. Mission, MSC-27 Spokane, WA 99220-3727 (509) 495-8620	David J. Meyer Vice President and Chief Counsel for Regulatory and Governmental Affairs P.O. Box 3727 1411 E. Mission, MSC-27 Spokane, WA 99220-3727 (509) 495-4316	
31	Patrick.ehrbar@avistacorp.com	David.mcyer@avistacorp.com	

This Application is filed pursuant to ORS 757.259, which empowers the Commission to
 authorize the deferral of expenses or revenues of a public utility for later incorporation into
 rates.
 <u>BACKGROUND</u>
 Deferral of Purchased Gas Cost differences was previously authorized, effective

7 November 1, 2018, by Order No. 18-391 dated October 15, 2018.

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9 DESCRIPTION OF EXPENSES

Currently, the Company accumulates Purchased Gas Cost differences in two sub-accounts of FERC account number 191, namely account number 191909 and account number 191910. Account number 191909 is used to record the commodity portion of Purchased Gas Cost differences and account number 191910 is used to record the demand portion. After the Commission determines these costs were prudently incurred, these differences are included in the Company's annual Purchased Gas Cost Adjustment (PGA) filing for refund or surcharge to customers.

Due to the volatility of the price of natural gas purchased and transported for customer use, the associated costs are difficult to establish with any degree of certainty. This volatility makes the use of deferred accounting extremely important. It is appropriate that deferred accounting be reauthorized for the Purchased Gas Cost differences for the same reasons that originally established the PGA mechanism. Namely, deferred accounting minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2)(C) of ORS 757.259.

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1 PROPOSED ACCOUNTING

2	The commodity portion of Purchased Gas Cost differences includes the actual cost of
3	purchasing natural gas, the variable cost of transporting the natural gas from the supply basins
4	to the citygate, the benefits received from storage optimization, off-system sales and other
5	miscellaneous costs or benefits. These costs are compared with the actual commodity costs
6	collected from customers, with 90% of the difference recorded monthly to account number
7	191909.

8 The demand portion of the Purchased Gas Cost differences includes fixed pipeline costs, 9 capacity releases and miscellaneous pipeline related refunds or surcharges. These costs are 10 compared with the actual demand costs collected from customers and the difference is recorded 11 monthly to account number 191910. Interest is calculated on the average net balance and 12 included in the deferral accounts.

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14 CURRENT DEFERRAL AND AMORTIZATION BALANCES

As of June 30, 2019, the outstanding balances for the Purchased Gas Cost deferral and

16 amortization accounts are:

Account 191909, Commodity Deferrals	\$ (829,627)
Account 191910, Demand Deferrals	(86,610)
Account 191911, Prior Commodity Amortization	(40,861)
Account 191912, Prior Demand Amortization	95,659
Total	\$ (861,439)

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Avista seeks with this application to receive reauthorization of the use of sub-accounts of FERC Account No. 191 to account for the Company's Purchased Gas Cost differences for the 12-month period, November 1, 2019 through October 31, 2020. This Application will have no 1 effect on Company revenue or customer rates.

WHEREFORE, Avista respectfully requests that the Commission reauthorize the
Company to defer the costs described in this Application.
DATED this 12th day of July 2019.

5 Respectfully submitted,
6 Avista Corporation
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Patrick D. Ehrbar
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Director of Regulatory Affairs